400 K marts to Get A.T.&T. Phone Booth Program by Mid-April

NEW YORK—K mart will roll out the A.T.&T. Phone Booth program to 400 major-market stores by mid-April, according to Norman Milley, executive vp, merchandising.

As that agreement was inked, Bradlees began an extensive reassortment of its Phone Booth effort.

The K mart program will be placed in the chain's stores located in 14 markets: Los Angeles, Chicago, Philadelphia (including parts of New Jersey), Detroit, Houston, Atlanta, Minneapolis-St. Paul, Dallas-Fort Worth, San Diego, Miami, Seattle, Phoenix, Indianapolis and Orlando, Fla.

The announcement followed months of protracted negotiations that began last summer between the nation's largest discounter and phone supplier. The lengthy talks had been partially bogged down over the actual shape that the final assortment would take, according to industry sources.

That assortment will be skewed heaviest in basic wall and desk phones, with a small selection of cordless and designer models.

A.T.&T. recently relaxed its more rigid standards for the Phone Booth program, which had earlier mandated specific selections, colors, signing and in-store placement. Additionally, it has discontinued 18 of its 24 Design Line Telephones (DLT's), in response to soft volume in the category, a company spokesman said.

Slow sales of the DLT's last month prompted Bradlees—which has carried the Phone Booth program since last winter—to return large quantities of its inventory to the company in a "stock balancing" effort, according to James Hyman, vp, gmm, hard lines.

That effort, which left some stores short on display units and stock, will result in a much heavier emphasis on basic phones with some cordless and high-tech models when the reassortment is completed.

Federated Group Superstores, like the one in Torrance, Calif., generate volume through bulked-out self-service displays and a commissioned sales staff. A "spiff" program aids low-ticket sales. *(DSN photo)*

CE Chain's Ads Blur Distinctions Between Discount, Full Prices

By BRENT FELGNER

LOS ANGELES—The Federated Group—a 20-unit southern California-based chain of electronics Superstores—owes its discount image as much to its advertising and marketing programs as to its pricing policies.

Many of its items aren't discounted at all.

"I'm not looking to beat the lowest prices around," said the company's 39-year-old president Keith Powell. "We'll never be the first to lower the price on an item. That's because we believe our customers aren't looking for the best price, but a good price."

To Powell, a "good price" means the full suggested retail on two-thirds of the 20,000-30,000-sq.-ft. stores' approximately 9,000 sku's. The remaining third is heavily discounted—priced just 10% over cost—and represents slightly more than 80% of the chain's volume, he said.

That formula has allowed the chain to maintain an overall 30%-32% average gross margin on its estimated $140 million in sales for the fiscal year ending Feb. 28, according to Powell.

That formula has also helped the company move ahead on its expansion program. Current plans call for at least four more units to be in operation by August, with openings financed by the company's recently completed public stock offering—its first.

Extensively broad merchandise assortments have placed the Federated Group in competition with virtually every class of trade—in many cases on an item-by-item basis. In compact and rack audio systems, for example, the chain's low end, beginning with a $120 Sanyo compact, would be pitted against discount chains like

(Continued on page 4)

Differently Priced Ciggies Drawing Mixed Results

Nationwide DSN Report

The cigarette business is slowly starting to fragment into differently priced segments, with mixed results, so far, at the discount store level.

The two most clearly defined segments are the traditional name brands as the standard smokes, with generic cigarettes as the low-priced alternative, often selling at $1.50 to $2 a carton less.

The new segments that have started to appear in discount stores are 25-count packs as the low-price name brand alternative to generics, and luxury packs as the higher-priced upscale alternative to the traditional brands.

Discounters like K mart, Ames, Nichols, Pamida, Bi-Mart and Roses report that cigarette sales overall are flat, but that generics are doing very well.

Twenty-five count packs and

(Continued on page 44)

Promotions are the key to maximizing generic cigarette sales. K mart recognized this by promoting generic cigarettes in an ad in the *Los Angeles Times*, which covers an urban market where generic volume has been weak.

ShopKo Plans 5-Store Omaha Invasion

GREEN BAY, Wis.—ShopKo will open at least five new stores in Omaha.

Three of the five units are expected to be in operation by fall 1984. Six more new sites are currently being negotiated. A company spokesman said at leat two of the six will be opened by the end of the year.

The first of the three Omaha stores will be opened this summer, in a 92,000-sq.-ft. former Woolco unit in Central Omaha. A 91,000-sq.-ft. store, located on 90th Street and Fort in the northern part of the city, and a 65,000-sq.-ft. unit in Bellevue, both new stores, are scheduled to open later this fall.

The chain sees its primary competiton coming from K mart, with seven sites in the market, and Target, with three.

Months ago, Venture had indicated interest in entering the Omaha market by purchasing two Woolco sites but one was bought by Richman Gordman, a major department store force in the market, and the other by ShopKo.

Along with the scheduled Omaha openings, the chain has announced two March premieres, one in Iowa and the other in Minnesota.

Other openings slated for this year are in Oshkosh, Wis., Norfolk, Neb., and Aberdeen, S.D.

IRS May Demand Wage-Subsidy Repayments

Targeted Jobs Tax Credits in Jeopardy

WASHINGTON—Discount chains that claimed Federal Targeted Jobs Tax Credits for hiring cooperative education students during the past five years may be forced to repay much or all of those wage subsidies, under a new Internal Revenue Service proposal.

Under the IRS plan, discount stores and other employers won't be allowed to claim T.J.T.C. tax credits toward the salaries paid to economically disadvantaged cooperative ed students during summer vacation periods.

What's more, the tax service's proposed regulations would permit IRS agents to apply this new restriction retroactively to the T.J.T.C. program's inception in 1978. Chains affected by this new rule would lose not only the tax credit claimed for students employed during school vacations, but could also be forced to return any subsidies paid for work while these students were enrolled in co-op ed courses.

A separate provision in the newly proposed IRS regulations could create tax problems for employers even if they did not claim targeted jobs tax credits for students during summer vacation periods.

Under this rule change, the T.J.T.C. wage subsidies would be available only for cooperative education students whose job duties are related to their course work.

Discount stores, for example, would no longer be allowed to apply for a tax credit toward the wages paid to a cooperative ed student studying hairdressing, unless the youngster's work assignments were related to that field.

Again, IRS would be empowered to enforce those new restrictions retroactively.

For discounters who have made extensive use of the Federal targeted jobs program in recent years, the back tax orders likely to result from the IRS proposal could be enormous.

Under T.J.T.C., employers hiring economically disadvantaged cooperative education students (or individuals from any of eight other "targeted" population groups) may claim Federal tax credits equal to 50% of the wages paid to any qualified worker during his first year of employment, and 25% of the wages paid in his second year on the job.

This formula permits employers to claim direct hiring subsidies from the Federal Government of as much as $4,500 per employee—with no ceiling on the number of workers that

(Continued on page 54)

Julian Seeherman

Thomas A. Hays

Venture's Seeherman Adds CEO Position; Hays Appointed May's Vice Chairman

ST. ANN, Mo.—Venture Stores president Julian Seeherman has been promoted to the additional position of chief executive officer of the 51-unit discounter.

This was one of a string of executive promotions, which saw Venture chairman and ceo Thomas Hays assume full-time duties as a vice chairman at the chain's parent company, May Department Stores. Hays was recently assigned corporate oversight responsibilities for a group of May's retail operations: Venture, Volume Shoe, May D&F, Colorado and Meier & Frank.

In addition to Seeherman's assumption of Venture's ceo post, Don Clarke has been named chairman of the discounter. Clarke moved over from May-owned Famous-Barr, where he formerly served as executive vp, administration and chief financial officer.

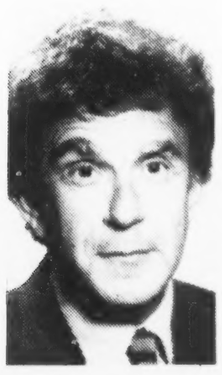
AUTOMOTIVE

PRODUCT MOVEMENT AUDIT

Wheel Covers Among Surging Accessory Items

By HERB RECHTER
President,
Allied Accessories
And Auto Parts

This product movement audit for December represents the tail end of the Christmas buying period and fill-in purchases, mostly on seasonal items.



The figures only cover the first two weeks of December; we were closed the final two weeks of the year—as is our custom.

Items like the No. 1-ranked, 2-ton hydraulic floor jack and No. 17, 2-ton mini hydraulic floor jack are indicative of retailer special promotions during the period, the latter being one single chain's promotion.

Most of the other top-ranked items were seasonal goods, very much in line with the previous year's product movement.

Thus, the booster cables, gas line antifreeze, scraper/squeegees, replacement wiper blades, Btu ready heaters all are high on this final PMA ranking of the year and will begin to disappear from subsequent months' audits.

Among the items showing a strong surge during 1983—and which we expect to continue to do well through this year—are accessories like wheel covers.

Sales in wheel covers, an import program for us, are currently up between 30% and 40%.

We are currently carrying two lines: wire and plastic. Our retailer customers carry the wire covers at an average retail of $19.99 and the other (plastic) for between $10.95 and $11.95. On special, the wire covers go for about $14.97 and the (ABS) plastic for about $8.97.

The price on these items has come down somewhat in the last year to a point where the mass merchant finds it feasible to carry the items.

Thus, we find our customers are interested in responding to our efforts in the category.

We are also finding that our seat-cover business is getting better all the time. We find our customers are particularly interested in the higher-priced items that we carry. The bulk of our business today is in the $19.95 to $29.95 (at retail) area.

While we don't carry sheepskin, we find our customers are interested in better-priced covers, like those made of velour or Herculon.

Like many of our customers, we are getting away from nylon seat covers in the $10 area.

We are also getting more interest in floor covers—a signal that more people are buying new cars.

(Continued on page 43)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2-Ton Hydraulic Floor Jack	867	54.29	47,069
2	Gumout Jet Spray 13 oz 7450	19,605	2.39	46,855
3	Roberk Wiper Bld Refill RR16	19,242	2.19	42,139
4	Sealed Beam, Large Round 6014	12,184	3.29	40,085
5	Sealed Beam, Large Square 6052	4,620	7.99	36,913
6	Roberk Wiper Bld Refill RR18	16,358	2.19	35,824
7	One Piece Auto Ramp, Pair LR 81	1,546	21.99	33,996
8	Motorcraft Oil Filter FL1A	7,918	4.19	33,176
9	12'E Cable Slvd 8C812 (C1012 AS)	3,407	8.19	27,903
10	Sealed Beam, Low Square 4652	5,577	4.99	27,829
11	Oil Treatment 15 oz 1015-24 STP	11,995	2.29	27,468
12	Auto Bulbs 2 on a card 1157	23,120	1.09	25,200
13	16" Roberk Wiper Blades RW816	11,401	2.19	24,968
14	Plas Bottle Gas-Line Anti-Freeze	42,120	0.59	24,850
15	Instant Spare Inflator 12 TAC39	17,729	1.39	24,643
16	Scraper Squeege Snowbrush 3060	12,171	1.99	24,220
17	2-Ton Mint Hydraulic Floor Jack	529	44.99	23,799
18	Gumout Carb Clean 12 oz 7518	11,978	1.89	22,638
19	Pylon 16" wiper refills 1016	10,136	2.19	22,197
20	18" Roberk Wiper Blades RW818	9,382	2.19	20,546
21	50,000 Btu Reddy Heater R50	83	229.95	19,085
22	Quartz Halg Fog Light Kit AMB	623	29.99	18,683
23	16-oz Armor All Protector 10160	3,002	6.19	18,582
24	B&D 12-volt Car Vac 9510	686	25.99	17,829
25	Motorcraft Oil Filter FL400	3,780	4.69	17,728
26	8-oz Armor All Protector 10080	5,773	2.99	17,261
27	Prestone Break Fluid 12 oz AS400	8,647	1.99	17,207
28	Rislone Oil Alloy 32 oz 100QR	6,087	2.79	16,982
29	PSF Yale Power Strg Fluid 142	7,956	1.99	15,832
30	LF-1 Lee oil Filter	4,482	3.49	15,642
31	Aerosol Starting Fluid R540	11,999	1.29	15,478
32	C-16 Bars Leak 12 oz (80)	6,759	2.19	14,802
33	Aerosol Spray DE-ICER R560	12,360	1.19	14,708
34	Tire Pump Foot Operated W Gauge	1,866	7.79	14,536
35	BD-1 Blower Defroster	796	17.99	14,320
36	AS243-12 Prestone Spray Deicer	6,947	1.99	13,824
37	1½-Ton Jack Stand, each (JS15)	2,499	5.49	13,719
38	Pylon 18" Wiper Refills 1018	6,226	2.19	13,634
39	A.C. Oil Filters PF-25	3,396	3.99	13,550
40	Quartz Halg Driv Light Kit Clr	451	29.99	13,525
41	6AMP Battery Charger SE86	444	29.99	13,315
42	10Amp Battery Charger ES1010	328	39.99	13,116
43	Halogen Seal Beam Lg Sq H6054	650	19.99	12,993
44	Air Compressor w Gauge 165 PSI	554	22.99	12,736
45	32-oz Armor All Protector 10320	1,398	8.99	12,568
46	Prestone Brake Fl Quart AS401	2,508	4.99	12,514
47	STP Gas Treatment 12 oz 2024	6,220	1.99	12,377
48	Warco Dot Brake Fluid Qt 1002	3,176	3.89	12,354
49	Prest Super Flush PK12 AS107	3,643	3.29	11,985
50	Sealed Beam, Low Round 4000	4,294	2.79	11,980
51	Sun Super Tach II CP7901	2.38	49.99	11,897
52	Warco Dot Brake Fluid 12Z 10001	7,896	1.49	11,765
53	16" Booster Cable, CobraCP 945	535	21.99	11,764
54	87772 15" Wire Wheel Cover Ea	610	18.99	11,583
55	R-6 Bars Leak 5½ oz (175)	7,261	1.59	11,544
56	DFVI D1x Full Window Defroster	574	19.99	11,474
57	4-oz Armor All Protector 13040	6,757	1.69	11,419
58	Aerosol 5 oz WD-40	4,401	2.59	11,398
59	Prime Anti-Freeze AF562	2,358	4.79	11,294
60	STP Gas Treatment 8 oz 2050	8,721	1.29	11,250
61	R4STS-8H AC Spark Plug T B 8	927	12.09	11,207
62	Oil Detergent Black Label CD-2	4,675	2.39	11,173
63	Washer Pump Univ 12 volt	1,233	8.99	11,084
64	PH3387A Fram Oil Filter	2,485	4.39	10,909
65	Chamois 2.5 Sq Ft V-250	17.97	5.99	10,764
66	EB-1 Gunk Aerosol	4,772	2.19	10,450
67	Pylon 15" Wiper Refills 1015	4,636	2.19	10,152
68	12' B Cable D1x C1 ST612 (CO812MS)	594	16.99	10,092
69	Fuse Asst W Plr 11GFUSA (7GFCD)	5,030	1.99	10,009
70	Top Post Hd Term 1 CD 81018P	10,073	0.99	9,972
71	Fram Oil Fitler PH8A	2,436	4.09	9,963
72	Lee Oil Filter Lf-25	2,557	3.89	9,946
73	Lock-Ease 4-oz Aerosol LE-5	4,532	2.19	9,925
74	Pylon 16" Wiper Blades 1116	4,519	2.19	9,896
75	Chamois 3½ Sq Ft V350	1,113	8.89	9,894
76	GE Silicone Seal, Clear GEC421	2,979	3.29	9,800
77	Mini Triple Gauge Kit 1000	440	21.99	9,675
78	2-gal Gas Flex Sprout 4624	1,605	5.99	9,613
79	Thermostat 400-195	4,359	2.19	9,546
80	Mechanics Creeper W1610-2	636	14.89	9,470
81	Sun Oil Temp-Amp Ga CP7995	325	27.99	9,096
82	Roberk Wiper Bld Refill RR15	4,078	2.19	8,930
83	Universal Truck Mate Blk 711	595	14.99	8,919
84	24" Snowbrush Scraper C810	8,904	0.99	8,814
85	Lock Deicer	7,404	1.19	8,810
86	Champ 8RV15YC48P (8RBL 15Y4 18)	724	12.09	8,753
87	D&L Hand Cleaner 14 oz 01-015	6,768	1.29	8,730
88	14062 15MIN Safety Flare Each	7,140	1.19	8,496
89	CD-2 Oil Treatment Red Label	3,546	2.39	8,474
90	Rain Dance Paste 14 oz 0245N	1,174	7.19	8,441
91	Champ Spark Plug 8 N12YCBP 38	820	10.29	8,437
92	Lee Oil Filter LF-16	2,394	3.49	8,355
93	Wynn Power Str Fld 14 oz 51901	4,148	1.99	8,254
94	Thermostat 400-180	3,769	2.19	8,254
95	Garage Floor Cleaner 28 oz 306M	3,137	2.59	8,124
96	4610 1-gal Gas Can Pulup Spout	2,717	2.99	8,123
97	Gen Elec Glass Seal 54W03	2,411	3.29	7,932
98	RV15YC4 (RBL15Y4) 18 Champ TE*	653	12.09	7,894
99	ACME Tire Gauge A5098L	2,079	3.79	7,879
100	Auto Bulbs 2 on a Card 1157NA	4,933	1.59	7,843
101	A.C. Oil Filter PF-47 PF-40	1,926	3.99	7,684
102	Lee Oil Filter LF-40	1,905	3.99	7,600
103	Plywood Mechanics Creeper	578	12.99	7,508
104	Suntune 3" Face Tach CP7905	233	31.99	7,453
105	2 PK Disposable Fire Ext 1021D	392	18.99	7,444
106	Unbreak Ice Scraper 10" HD95	7,452	0.99	7,377
107	8RV15YC8P (8RBL15Y 12) Champ	607	12.09	7,338
108	Chilton Rep Manual 1984 7325	452	15.99	7,227
109	Sun Inductive Timelit Cp7504	176	40.99	7,214
110	RV15YC(RBL15Y) 12 Champ T B	594	12.09	7,181
111	101-2 Delco Bcycl Tune-Up Kit	816	8.79	7,172
112	T-222SUP HD Shell Pst-Kit 14Z	1,792	3.99	7,150
113	10" Bear Claw Ice Scraper 13536	4,140	1.69	6,996
114	Airguide D1x Auto Compass Lte	536	12.99	6,962
115	Mini-Grease Gun Kit 7000	836	8.29	6,930
116	Wynn Trans Sealer 11 oz 64559	2,864	2.39	6,844
117	Wynn Carb Clnr 113 4 oz 54114	2,854	2.39	6,821
118	DR1976 GM 8 Cy. Dist Cap	1,231	5.49	6,758
119	AS236-12 Prestone Start Fluid	3,396	1.99	6,758
120	58-1260 blk Promo Steer Whl Cvr	2,405	2.79	6,709
121	Lf-1HP Lee Maci Oil Filter	1,461	4.59	6,705
122	194 Auto Bulbs 2 on Card	6,087	1.09	6,634
123	536 BP Turn Signal Flasher	3,505	1.89	6,624
124	Compass 592	1,507	4.39	6,615
125	PF-45 A.C. Oil Filters	1,638	3.99	6,535
126	R44T-8 AC Spark Plug T B 8	536	12.09	6,480
127	4657 5-gal Gas Can Flex Sprout	496	12.99	6,443
128	12A TR3 Resin Glaze Liquid 16 oz	1,291	4.99	6,442
129	Sport Grip Blk 58-0450 500	1,289	4.99	6,432
130	Top post eco term 1 .CD 81038P	6,494	0.99	6,429
131	TK175 GMB CY Tune-up kit	1,340	4.79	6,418
132	1115 Pylon 15" wiper blades	2,915	2.19	6,383
133	SUP-A Super Glue	4,270	1.49	6,362
134	T-75Turtle Zip Liq C Wash 182	2,661	2.39	6,359
135	4-Ton Hydraulic Bottle Jack	452	13.99	6,323
136	Univ Hand Chk Conv Kit 04010	1,105	5.69	6,287
137	A.C. Spark Plugs, B P R45TS-8E	519	12.09	6,274
138	5115 Bardhl AERO Carb&Chok C1n	3,697	1.69	6,247
139	Champ plug T B 8 N12YC (38)	605	10.29	6,225
140	Champ 8RV17YC6BP (BRBL 17yb 37)	510	12.09	6,165
141	SE1250 10 50 AMP Battery Chagr	112	54.99	6,158
142	TLF100 Carb Cleaner, Plastic 15	4,740	1.29	6,114
143	HD40 Unbreakable Ice Scraper 7"	8,854	0.69	6,109
144	7101 Wiper Delay Control	469	12.99	6,092
145	UVL320 20" Wheel Wrench	1,211	4.99	6,042
146	1118 Pylon 18" Wiper Blades	2,739	2.19	5,998
147	GEC463 GE Silicone Seal Black	1,806	3.29	5,941
148	Champ BRJ12YCBP (BRJ12Y 14)	491	12.09	5,936
149	Funnel Super Size 18" Plastic	2,963	1.99	5,896
150	58-0450T 500 Sport Gip Tan	1,178	4.99	5,878
151	58-1260 Tan Promo Steer Whl Cvr	2,096	2.79	5,847
152	LF-24 Lee Oil Filter	1,501	3.89	5,838
153	Super Snowbroom Scraper CC40	1,452	3.99	5,793
154	Auto Bulbs 2 on card 1156	5,264	1.09	5,737
155	ANCO View Pkg WPR Refill 1116	1,334	4.29	5,722
156	TAM63 TMP Silicone 16 oz	3,013	1.89	5,694
157	Brake Fluid Dot 3 12 oz M4412	4,409	1.29	5,687
158	Multi-Serve GRS 3 3-oz Tube 7262	2,186	2.59	5,661
159	PF-35 A.C. Oil Filters	1,416	3.99	5,649
160	1130M Flat Fixer	3,340	1.69	5,644
161	Motorcraft Spark Plug ASF52	3,330	1.69	5,627
162	AS121 Prest Sealer & Stop Leak	3,497	1.59	5,560
163	500 Westleys Bleach Whte 20 oz	2,535	2.19	5,551
164	H4656 Halogen Seal Beam 10 sq	504	10.99	5,538
165	TAM77 Tmp Rubberized undercoat	1,843	2.99	5,510
166	CP7515 Suntune Ind Timing Lite	129	42.69	5,507
167	PH30 Fram oil Filter	1,225	4.49	5,500
168	0861N #7 Rubbing Compound 12 oz	2,401	2.29	5,498
169	AFL-91 Lee Air Filters	1,001	5.49	5,495
170	HD-39 Super Fix-A Flat W Hose	2,380	2.29	5,450

(Continued on page 43)

MOSS HELPS AMERICA KEEP ITS COOL.

- ★ Tropical Breeze
- ★ Tropical Breeze Special
- ★ Tropical Breeze Deluxe
- ★ The Heirloom Collection
- ★ Hi•Line
- ★ Marco Polo
- ★ Century
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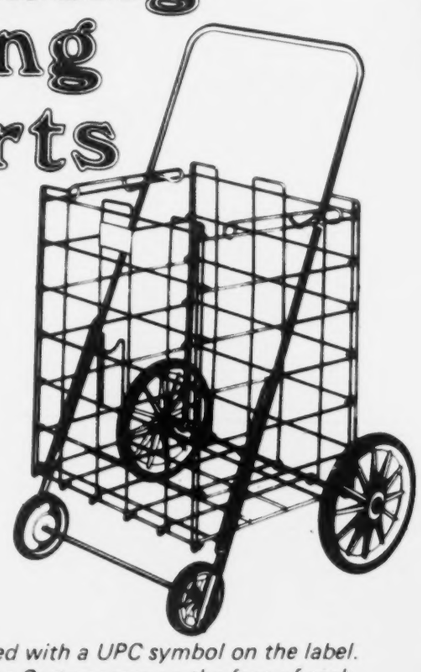
Folding Shopping Carts



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- Front, rear and bottom body panels have welded unit construction for greater strength.
- Rigid double brace corners and reinforcing bars insure against bent basket.
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- Five models to choose from . . . immediate delivery from stock.

NICKLE CHROME PLATED AND LACQUER DIPPED FOR EXTENDED USE

All Models are individually boxed with a UPC symbol on the label. A large illustration of a Shopping Cart appears on the face of each box . . . excellent for display purposes.

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AUTOMOTIVE

Strong Basics Mix Is Seen Mandatory

Several mass merchants are adding higher-ticket DIY accessories like power sanders, tire inflators and hydraulic jacks, all priced at over $30. But, most chains like Wal-Mart, Bentonville, Ark. (l.), stay with basic high-margin accessories like cloths, touch-up paints and body moldings. Many buyers noted a strong basics selection is mandatory as new car sales were substantially up in 1983 and new owners will predominantly focus on dress-up accessories, instead of replacement or fix-up products, for the first year. Other chains such as Pamida, Albert Lea, Minn. (r.), are also catering to truck owners, stocking a varied assortment of clearance and marker lights, reflector stick-ons and mirrors. *(DSN photos)*

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	(Continued from page 39)			
171	Lcking Gas CP RX670VP (46108L)	681	7.99	5,441
172	T15 Turtle Minute Wax 18 oz	905	5.99	5,420
173	3512 Johnson Spare Tire W Hose	2,864	1.89	5,412
174	PF-51 A.C. Oil Filters	1,344	3.99	5,362
175	RW815 15" Roberk Wiper Blades	2,438	2.19	5,339
176	2-Ton Hydraulic Bottle Jack	509	10.49	5,339
177	14" Wire Wheel Cover EA 87771	281	18.99	5,336
178	012 Marvel Mystery Oil 16 oz	2,381	2.19	5,214
179	CA20 Snowbrush Scraper	3,264	1.59	5,189
180	SE50M 10 AMO Auto M.F. Bat Chrg	115	44.99	5,173
181	0241N Rain Dance Liq 16 oz	717	7.19	5,155
182	M18-15 Motor Medic 1 15 oz	1,990	2.59	5,154
183	2113-22STP Carb. Cleaner 13 oz	1,910	2.69	5,137
184	AS127 Prestone Super Sealer	1,717	2.99	5,133
185	PB0002 Playboy Blk Air Freshener	5,175	0.99	5,123
186	150 C Rislone Concentrate 15 oz	2,232	2.29	5,111
187	6-Ton Hydraulic Bottle Jack	276	18.49	5,103
188	04001 UnivHand Choke Kit	1,213	4.19	5,082
189	1465 6" Flex Funnel W Screen	1,527	3.29	5,023
190	TK237 GM Combo Tune-up kit	797	6.29	5,013
191	10010 8.26 Autolite Res Plug	418	11.99	5,011
192	SE84 4-Amp Battery Charger	177	27.99	4,954
193	16-oz Armor All Cleaner 30160	2,161	2.29	4,948
194	Quartz RNd Hand held spotlite	309	15.99	4,940
195	CP7602 Sun Induct Dwell Tach	183	26.99	4,939
196	16-oz Armor All Prtc Clnr Twn Pk	580	8.49	4,924
197	6450F C Red Escort CPT TF 104	234	20.89	4,888
198	RN12YC (404) Champ plug T B 4	812	5.99	4,863
199	Pine Tree Car Freshener 50101	8,159	0.59	4,813
200	1118 ANCO View Pkg Wpr Refill	1,121	4.29	4,809

Source: These automotive figures cover the first two weeks in December. They were supplied by Allied Accessories and Auto Parts, Madison Heights, Mich. Allied services over 2,500 retail outlets throughout the United States, 98% of which are discount store auto departments.

Two Ways to Make a Hit in Antifreeze

(Continued from page 41)

The chain chose to stock Zerex along with brand leader Prestone, feeling the product's promotional package was strong enough to offer a good value while carrying lower price points than Prestone.

Zerex's retail price drops down to about $1.99 per gallon after a $3 rebate on a two-gallon purchase. Prestone, priced everyday at $4.74, on sale for $3.99, also offers a rebate of $2.50 on a two-gallon buy and runs 25¢ to 50¢ higher per gallon than Zerex.

Zerex margins are as high as 20% while Prestone is frequently sold just slightly above cost, according to Peckham. He also noted it's pretty much a horse race between the two products in sales figures, and added overall unit sales in the category are up over 20%.

The chain has had no problems with delivery so far and the dmm expects strong business through March when sales traditionally subside until summer.

At S. E. Nichols, the chain is offering a private label antifreeze and although margins are about the same as those of the national brand, the discounter is expecting big volume from the cheaper PL.

"Our private label antifreeze is substantially outselling the national brand although there is tremendous sell-through on both. The products are just phenomenal," said Manny Polak, auto buyer for the chain. He predicts at least a 30% gain in antifreeze sales for this year.

The private label antifreeze sells for $3.89 per gallon while the national brand, Peak, retails at $4.39. Although there is an occasional $2 rebate on a 2-gal. buy of Peak, Polak said his customers prefer the immediate savings of PL rather than mailing in a rebate coupon.

Like Bradlees' Peckham, Polak expressed frustration at not being able to anticipate the intensity of the winter months beforehand, and the chain suffered on more than one occasion after selling out of both products.

"We were forced to pull several ads recently because we couldn't get the products," said the buyer.

K mart Dividend

TROY, Mich.—The board of directors of K mart declared a cash dividend of 27¢ per share to be paid on March 12, 1984, on outstanding shares of the corporation's common stock, to shareholders of record on Feb. 17, 1984.

PMA®

PRODUCT MOVEMENT AUDIT

Wheel Covers

(Continued from page 39)

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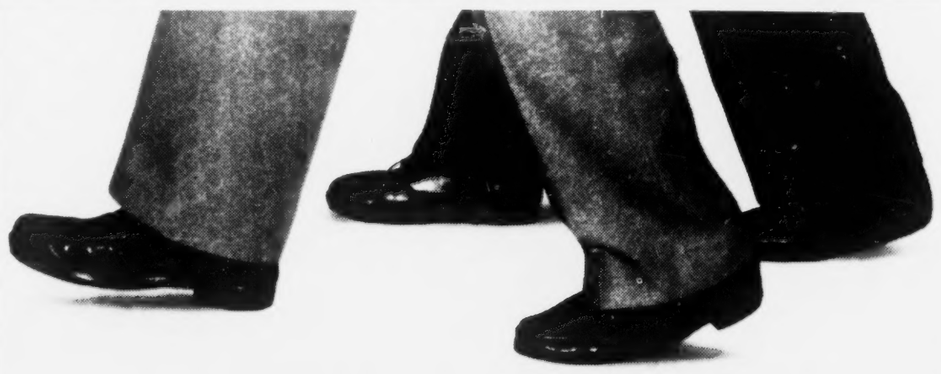

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Differently Priced Ciggie Segments Get Mixed Results

(Continued from page 3)

luxury packs haven't had any impact, discounters added, because of their newness and lack of strong manufacturer promotions. Additionally, 25-count brands can't be sold in about a dozen states due to tax law regulations, which tobacco distributors are actively trying to change.

Segmentation of the cigarette business reflects the growing decline in total unit sales which, in turn, has resulted in manufacturers trying to expand their sales and market share by capturing volume from competitors. This had led to the introduction over the past three years of various new products, each of which is targeted to a price segment that the manufacturer hopes will cut into a competitor's market share.

Decline in cigarette unit movement is part of the overall drop in tobacco product volume. The only tobacco item showing any growth, according to United States Department of Agriculture monitoring, is snuff, which had about a 5.3% increase to an estimated 46.1 million lb. of production last year.

A K mart merchandiser succinctly summed up the cigarette market by noting: "Sales are flat due to two price increases [last year] and concern about health; generic sales are good because of their price."

Traditional national brands continue to account for the main cigarette action in discount stores, merchandisers said, and all the new products are measured against these lines.

A Nichols merchandiser pointed out that low-tar traditional brands "aren't as strong as in the past," with one indication being that "promotions for low tars aren't going as fast as in past years."

John C. Maxwell of Lehman Brothers Kuhn Loeb Research, who closely observes the tobacco industry, projected that low-tar cigarettes accounted for an estimated 53.2% share of the total market (in units) last year, down 9.5% from a 58.8% share in 1982. A similar decline in demand for low-tar cigarettes previously occurred in Europe, particularly West Germany, other sources reported.

As for generics, discounters described such cigarettes as "doing well," with an Ames merchandiser noting that consumer acceptance "varies by location." A Roses merchandiser explained that generics "were doing better in rural markets than in metro areas."

K mart rolled out generics in all its stores during the past quarter after conducting tests in a number of markets. "There were decidedly different sales in different parts of the country," a merchandiser said, with movement stronger in the south than in California or New Jersey test markets.

The reason may be brand loyalty, with consumers on the West Coast more brand conscious than in Tennessee (a southern test market), he explained.

One factor, however, may be concern about shrinkage, other trade sources opined. Generics sell best when they can be easily picked up from a shelf as an impulse item. Stores in urban markets tend to show generics and other cigarettes in high-security fixtures, a display method that lessens the chance of impulse purchases.

While generics have cut into the movement of brand cigarettes, two newer introductions have been, so far, less successful.

The Ames merchandiser said both 25-count packs and luxury packs are "doing well," while Pamida described 25-count movement as "slow" and luxury packs as "not big."

The K mart merchandiser added that 25-counts "haven't made a major impact" but were selling well enough to continue to be stocked. "There are at least 100 brands and types so that it's difficult for a new cigarette to come out and have a significant impact on the market."

The introduction of 25-count and luxury packs denotes the segmentation under way in the cigarette business.

Twenty-five count packs are sold at the same price as traditional 20-count packs and as such are targeted at customer looking for value—the same group at which generics are directed. The difference between the two types is that 25-counts carry brand names, and manufacturers of these lines don't undercut any brand identity as is the case with generics.

Luxury packs are positioned as upscale cigarettes, with their fancy packaging commanding a higher price than traditional offerings. These cigarettes are seen as an attempt by manufacturers to develop a third price segment, the step-up from low-priced and value-oriented generics and 25-counts and traditional 20-count name brands.

Tobacco Manufacturers' Production

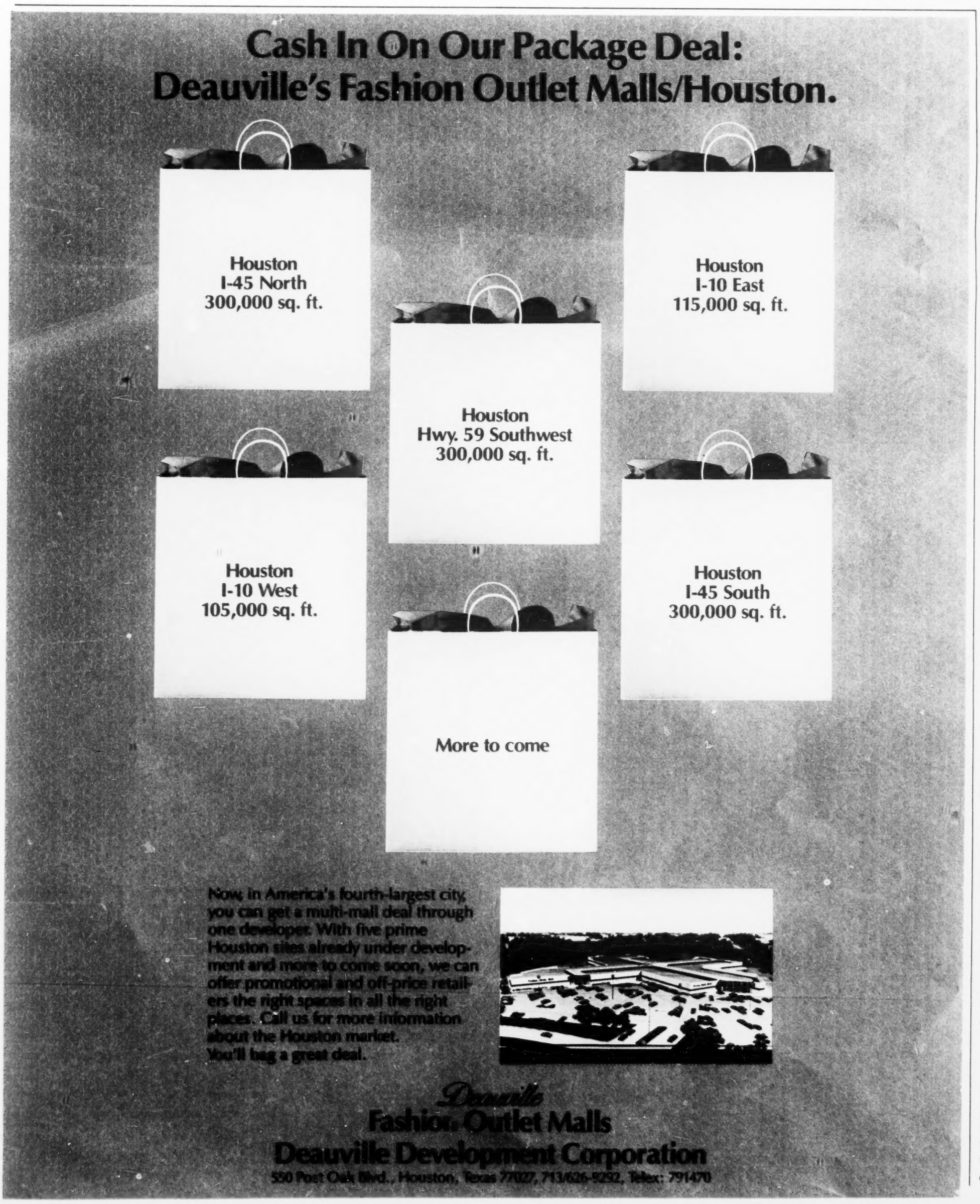
Tobacco Product	1983*	1982	1981	1980
Cigarettes				
Units (billions)	603.0	634.0	640.0	630.0
Packs (billions)	30.2	31.7	32.0	31.5
Large Cigars (billions)	3.6	3.7	3.9	4.0
Small Cigars (billions)	1.3	1.3	1.4	1.4
Pipe Tobacco (million lb.)	32.8	33.6	36.5	37.3
Chewing Tobacco (million lb.)	87.2	90.4	90.0	NA
Snuff (million lb.)	46.1	43.8	42.5	NA

*NA—Not available. *Estimate. Source: U.S. Dept. of Agriculture*

Cigarette Production: Brands vs. Generics

Cigarettes	1983*	1982	1981
National Brands			
Units (billions)	585.5	628.1	637.9
Packs (billions)	29.3	31.4	31.9
Generic			
Units (billions)	17.5	5.9	2.1
Packs (billions)	0.9	0.3	0.1

**National brand figures for 1983 are estimates. Source: U.S. Department of Agriculture; Gary Tobacco*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Gains Are In Snuff, Not Puff

Nationwide DSN Report

Snuff was the only tobacco product to show an increase in production last year, and the gain is believed due to the introduction of Skoal Bandits, a new item that has scored well at discount stores.

A K mart merchandiser said the snuff-like moist tobacco that is packed in a tea bag-type pouch is "strong on a regional basis where this type of tobacco is an important item. It sells best in the South and Midwest and in nonurban areas."

Merchandisers with Pamida, Smitty's and Nichols said sales were "very strong," with the latter adding that "deliveries two or three times a week were needed for the chain's stores to remain in stock."

The Smitty's merchandiser said that so far there wasn't any hard demographic information on Bandits' customers, so he didn't know whether sales were from new tobacco customers or just consumers switching from cigarettes.

The Pamida merchandiser felt the item generated "some new business. Sales were mainly to younger shoppers who switched from other smokeless tobacco. Older smokeless customers have remained with their current brands," he added.

MAGIC, Home Center Shows

See Coverage Inside

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Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

5 Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. $2 per copy MARCH 5, 1984

K mart's new direction in men's wear calls for the chain to move ahead with fashion concepts like the "Casual Living" focus wall unveiled in the prototype store in Sterling Heights, Mich. *(DSN photo)*

In Fashion-Conscious Push:

K mart Hires Coordinator To Refine Men's Wear

TROY, Mich.—Men's wear is getting a shot in the arm at K mart. A fashion coordinator—Wendy Wark—has been hired to help buyers refine a fashion approach to the category.

Bringing in Wark is among the latest efforts by the giant discounter to transform its once basics-only apparel departments into more profitable and fashion-sensitive areas.

In her new role, Wark will concentrate on helping to develop many of the merchandising concepts now being explored at the chain's prototype store in Sterling Heights, Mich. For example, focus walls merchandised along narrow themes—like "California looks" displayed under the "Casual Living" banner—are designed to make a fashion impact.

Wark is the chain's second fashion coordinator—another in charge of ladies' and children's apparel works out of the North Bergen, N.J., buying offices.

Wark says it will be her job to keep the men's, infants' and accessories assortments fresh with the latest colors and fabrics, as well as more coordinated styling.

For starters, she'll direct more blended fabrics and military looks into the men's department. *(See story inside.)*

"Part of my job is to help buyers pinpoint the looks, colors and fabrics to buy so our mix is focused, not overassorted," explains Wendy Wark, newly appointed fashion coordinator for the category at K mart. *(DSN photo)*

Rivalry Heats Up Among Off-price Apparel Chains

Special DSN Report

Competition among off-price apparel chains is hotter than ever.

Giant national chains like Marshalls are planning continued expansion this year as are the newcomers like K mart with its Garment Rack and Designer Depot entries.

Marshalls passed the $1 billion mark in sales last year with a total of about 174 stores by the end of 1983. This year the chain is planning to add 36 stores.

Burlington Coat Factory, with 51 stores in 20 states, went public last year and is set to add 20 stores to its operation by the end of 1984.

Filene's Basement is another off-price chain that reports expansion plans for 1984.

Dayton Hudson's entry Plums, however, remains in a sort of limbo as executives search for a positioning strategy for the year-old off-price chain.

Zayre, meanwhile, pushes ahead with its Hit or Miss chain—targeting those stores for downtown locations—even opening in the Big Apple last year. This year the discount parent of both Hit or Miss and T. J. Maxx is going full force with its new Chadwick's of Boston off-price catalog operation, an offshoot of Hit or Miss.

DSN's first census of the off-price apparel industry is inside this issue.

Federated is upping its bid in the off-price apparel business with its newly spun-off Filene's Basement Store division. The Massachusetts-based chain opened four units in 1983—two of them in enclosed malls, in space freed-up by a reformatting Lechmere.

Not every discounter has given up on the home improvement business. Some like K mart and Fedco (above) have responded to the category by expanding assortments. Others are searching for a fashion-oriented niche to develop in, for example, wall and floor coverings. Both groups will be out walking the annual Home Center Show in Chicago. (See hardware section.)

K mart's not the only discounter redefining its commitment to men's wear. Target and Venture (above), for example, have been experimenting with items like tailored suits and jackets in addition to active looks. This month, discounters will head to Los Angeles and the MAGIC show in search of new ideas and resources. (See apparel section.)

Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING

Bruce Allbright

Floyd Hall

IN BRIEF

• **BRUCE ALLBRIGHT, 55, VICE CHAIRMAN AND CHIEF** administrative officer, has replaced Floyd Hall, 45, as chairman and ceo at Target Stores. After almost 10 years with Dayton Hudson—three as the top executive at Target and seven as the head of B. Dalton Booksellers—Hall resigned to become chairman of the board and ceo of the Grand Union supermarket chain.

• **LOEHMANN'S IS LOOKING TO TAKE ITS CUT-LABEL,** ladies' wear off-price concept into three new markets this year: Oregon, Missouri and Oklahoma. At presstime leases on sites were still being negotiated, according to a company spokeswoman. Already this year the chain has opened its seventh California unit in Palm Springs, its sixth Florida store in Kendall, and its first upstate New York store in Albany.

• **AMES IS LAUNCHING A ONE-STORE TEST OF A SEPA-**rate young men's department in a remodeled store in Buffalo. The concept was unveiled March 1. According to soft lines vp Steve Silver, the test involves new merchandise and signing and four circular and five four-way racks devoted to more youthful lines. The next step, said Silver, is a 10-district test for the back-to-school season.

Revamped K mart Evolving; $200 Sales/Sq. Ft. Is Goal

NEW YORK—K mart is set to roll out a new K mart.

The nation's No. 1 discounter is finally putting together various experimental sections tested during the past two years into a new-look prototype. That model will be phased in chainwide during the next three to four years and is projected to produce $200 a square foot of selling space in sales.

One hundred and twenty-six teams handling the revamping are currently in the field and they will use a major portion of this year's $400 million capital budget to start putting the new K mart into place.

The bottom-line gain from the changes is expected to be a half-point increase in hard goods margins and an even higher boost in apparel.

K mart's reconstruction was undertaken to meet the strong and growing competition from upscale discounters and off-price specialty stores. By trading up the mix, store ambience and total image, K mart executives hope to attract more affluent shoppers and to sell more higher-priced goods to its core middle-class and blue-collar customers.

The changes being put into place include:

• A new apparel section prototype in which name brands and designer lines will account for about 12% of the total assortment. Men's and children's wear have joined ladies' apparel in a centralized merchandising program that includes merchandisers at K mart Apparel, the wholly owned North Bergen, N.J., operation that runs the clothing department, taking markdowns.

• Five shop-type areas on the hard goods side of the store that include expanded assortments with traded-up lines. These prototype modular areas now carry such names as Home Electronics Center, Kitchen Korner, Wood & Brass Shop, Home Center and Nutrition and Health Care. The domestics department, meanwhile, includes a Bed & Bath shop.

• A reworking of the midway to spotlight more higher-profit categories rather than lower gross items like waxes and polish. It will first be unveiled this month.

• A sharp cut in the promotional merchandising responsibility of store managers. They will now be responsible for about 150 midway and endcap promotions, rather than the 250 promo areas that will remain a hallmark of K mart's sharp price image.

• An augmented advertising effort with a budget 18% higher than last year. The key move is a four-color tab on Sunday that was launched at presstime to up the flyer promotion frequency to two a week, joining the tab run every Wednesday.

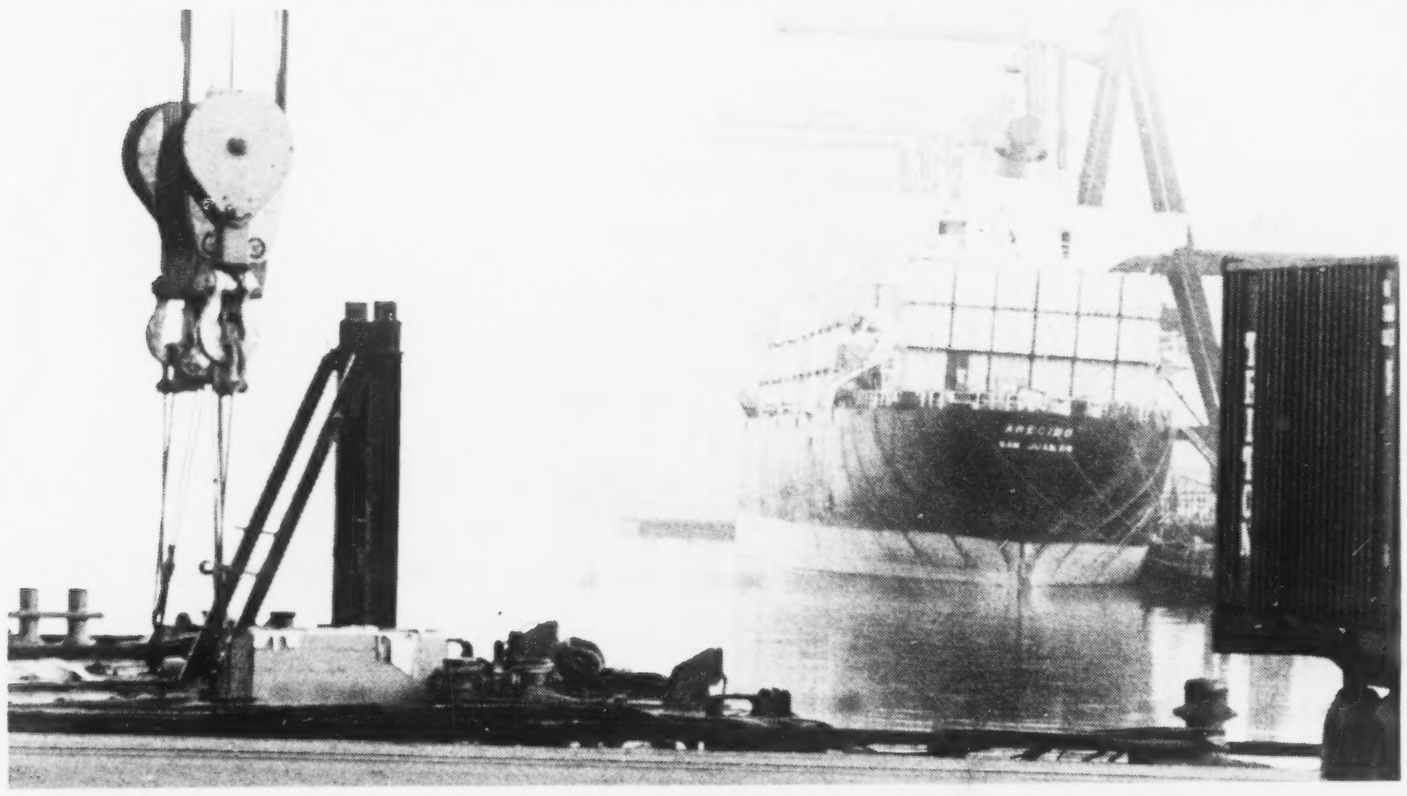
K rnart plays up its tie-in with the U.S. Olympic team on the front of a four-color tab that also features the discounter's new slogan, "We've got it good."

The remaking of K mart was detailed by three top merchandising executives at a Prudential-Bache Securities luncheon in New York. The executives were Norman G. Milley, executive vice president of merchandising and subsidiaries; Frederick M. Stevens, senior vp of sales and general merchandise manager, and James L. Moser, vp-merchandise coordination.

Milley acknowledged that new competition was behind K mart's decision to make changes. "We took a great number of surveys" that showed "we had the price image but didn't have the quality image."

(Continued on page 66)

Counterfeit Imports Making Waves



Bogus High-end Computers Disrupt Market

By BRENT H. FELGNER

Item: After serving the owner of a small computer specialty store with a search warrant, a team of Federal agents and local police swarms over the stockroom, seizing dozens of allegedly counterfeit home computers.

Item: On his return from a vacation in the Orient, an American businessman declares his purchase of a home computer. Customs agents examine the machine and seize it as a counterfeit.

Item: A crate marked "heavy machinery" that has just been off-loaded from an in-bound Taiwanese cargo ship is opened by Customs investigators. Inside they find hundreds of computer chips and components destined to be reassembled in the United States. They seize the shipment after declaring the items counterfeits.

Scenes like these have been repeated time and again in ports around the United States. Hundreds of computers have been sealed in Customs warehouses. But, thousands more have arrived undetected to be sold off the streets, in small retail stores and through ads in computer specialty magazines.

Bogus Apple He's, being sold under different names or no name at all, have been known to sell at retail for as little as $300—less than one-fourth of their legitimate $1,200 price—and offer the capacity to run AppleSoft software.

To date, no full-line or specialty discount chains have been known to deal in the counterfeits—and most say it is unlikely the goods could find their way into their stores. For unlike counterfeit apparel, notably designer jeans and Izod shirts, where retailers didn't always know what they were buying, technology-based products like computers have built-in means to determine if they are counterfeit. For example, infringement of a computer's ROM (Read Only Memory, its internal operating software) can be "read" directly from the computer itself, electronics

(Continued on page 66)

I.T.C. Fingers Discounters as No. 1 Outlet

WASHINGTON—Government import investigators released a fresh trademark piracy study fingering discount stores as the most frequent retailers of counterfeit merchandise in the United States.

Based on a nationwide International Trade Commission survey of hundreds of domestic manufacturers, discount chains were ranked ahead of "flea markets" and "street vendors" as the most common purveyors of bogus goods, agency officials said.

The survey, conducted as part of a 10-month I.T.C. investigation of trademark piracy by foreign counterfeiters, is certain to provide additional ammunition for Congressional supporters of pending Federal anticounterfeiting legislation.

That measure, sponsored by Senate Trademark Subcommittee Chairman Charles Mathias (R-Md.), would grant manufacturers unprecedented new legal power to secure no-warning search and seizure raids against retail stores and warehouses suspected of containing counterfeit merchandise.

"We have worked in good faith and will continue to. This finger-pointing at retailers does nothing to redress the injuries of the real victim of counterfeiting, the consumer," said William Coston, counsel to the Na-

(Continued on page 66)

DSN Digest

March 5, 1984

OFF-PRICE APPAREL CENSUS

• ***DSN*'s first census of off-**price apparel chains finds them bracing for a shakeout, despite enormous expansion in sales and unit count by many industry leaders (section, pp. 27-36). The expansion plans and volume of the leading chains are charted, and Marshalls, No. 1 in the field, is described in depth (p. 27).

HOME IMPROVEMENT

• **Although many discounters** are giving bulky home improvement items like lumber and paneling short shrift, they plan to do a big job with many other items in the field (section, pp. 41-53). Buyers are bullish over pending cost cuts in ceiling fans (p. 41), and heaters (p. 51).

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1983 Sales Jumped For Top Discounters

Nationwide DSN Report

Sales at a group of the nation's top discount chains grew by more than 20% during the fiscal year just ended, bolstered by a spate of new store openings.

Comparable-store gains also continued at a healthy pace.

The combined factors offered supporting evidence that discount chain executives were investing in the rebirth of consumer spending. Overall, the discount chains' results met or surpassed those of several other retail segments.

The volume growth leaders included Ames (up 53%), Wal-Mart (38%) and Bradlees (35%).

Sales jumped to $648 million at Ames, which underwent a large-scale expansion last year with its bid to acquire KDT Industries, owner of the now shuttered King's chain. While final approval of that merger was still pending, Ames reopened 42 former King's under a management agreement with KDT. Most of those openings occurred during the second half.

For the fourth quarter, when the new stores were in full operation, sales climbed 74% to $224 million. Sales stood at $129 million during the same period a year earlier.

Same-store sales increased 16% in the fourth quarter and

(Continued on page 68)

Sales Results (in millions of dollars)

Chain	Monthly Jan. 1984	Monthly Jan. 1983	Monthly % increase (loss)	Yearly 1984	Yearly 1983	Yearly % increase (loss)
Sears Merchandising Group*	$1,596.2[a]	$1,260.9	26.60	$25,089.3[a]	$20,667.1	21.4
K mart	1,062.3	1,004.4	5.80	18,598.3	16,772.2	10.9
Dayton Hudson	399.7	333.5	19.90	6,800.6	5,531.4	22.9
Target	n/a	n/a	n/a	3,100.0[b]	2,412.0	29.0
Household Merchandising*	380.6	384.6	(1.04)	5,306.0	5,310.0	(0.8)
Wal-Mart	331.0	236.0	40.00	4,667.0	3,376.0	38.0
Associated Dry Goods	197.1	159.0[c]	23.60	3,690.0	3,089.0[c]	19.4
Caldor/Loehmann's	70.5	43.6	61.60	1,259.5	898.9	40.1
Zayre Corp.[d]	120.4	96.6	24.80	2,613.5	2,139.6	22.1
Best Products*	n/a	n/a	n/a	2,074.9	1,930.6[e]	7.5
Service Merchandise*	n/a	n/a	n/a	1,458.1	1,195.3	22.0
Bradlees	59.8	45.6	31.10	1,182.0	876.0	34.9
Hills	37.9	31.6	19.90	1,045.0	894.0	16.9
Ames	29.0[f]	17.0	71.00	648.0[f]	423.0	53.0
Jamesway	17.5	14.0	25.00	416.8	332.5	25.0

**Fiscal year ended Dec. 31, 1983. [a]1984 results include sales from Simpson-Sears in Canada, acquired in July 1983. [b]preliminary estimate. [c]1983 results are exclusive of Stewart & Co. and The Diamond, which were closed last year. [d]excludes leased departments. [e]1983 results include full-year sales from Basco and Modern Merchandising, acquired July 1982 and October 1982, respectively. [f]includes sales from 42 former King's Stores operated under a management agreement with KDT Industries, pending approval of merger. n/a—not available.*

Home decor, including wicker, here in Snellville, Ga., will get a boost from Richway's latest plans, which call for soft home and related accessories to win 25% more floor space. *(DSN photo)*

In Domestics, Hardware

Richway Hypos Home-Decor Fashion

SNELLVILLE, Ga.—Richway is focusing on the home decor side of its business.

Changes are under way in the 31-unit chain's domestics and hardware departments to make both areas stronger resources for fashion-sensitive home fix-up items.

In hardware, the changes include introducing a wallpaper assortment and a line of unpainted KD (knockdown) furniture, with the highest price point at $179.99.

In domestics, plans call for the area to be expanded by 25% to allow the chain to merchandise a broader and upgraded assortment of kitchen, bed and bath textiles, rugs, soft crafts, wicker and accessories, according to Ira Bodker, senior vp, gmm, soft lines.

The moves come as the southeastern regional discounter further refines its already upscale image.

Recently, the chain eliminated the high stacks of consumables in front of its checkouts to make the area—and the cashiers—more visible. In addition, it reduced the number of bargain tables in the store, confining them now to a single side aisle near the seasonal department.

(Continued on page 68)

Nader Group: FTC Does Little to Police RPMers

WASHINGTON—In a new report confirming the discount store industry's darkest suspicions, researchers at Ralph Nader's Public Citizen consumer advocacy group concluded that "antitrust enforcement at the FTC . . . has virtually disappeared" as a result of the policies of Reagan Administration appointees.

Significantly, the new Nader study indicates that Federal Trade Commission actions to police resale price maintenance (RPM) violations have experienced a particularly sharp decline since Reagan-appointed FTC Chairman James Miller III took office almost two-and-a-half years ago.

According to the enforcement records compiled by Public Citizen, FTC hasn't issued a single RPM complaint since Miller became chairman at the end of the Government's 1981 fiscal year.

Moreover, during that same period the commission has issued only four consent orders directing manufacturers to "cease and desist" from engaging in resale price-fixing activities, and all four of those were agreed to by the suppliers before Miller took office, the consumer group maintained.

In contrast, during the Carter years (1977-80) FTC implemented a total of 24 formal enforcement actions against firms charged with RPM and other vertical trade restraints.

Although Miller hasn't denied that FTC's enforcement has dropped sharply under his regime commission antitrusters defended their more selective enforcement efforts as "better reasoned" and "more in the public interest."

"Although critics such as Nader believe the commission brings too few cases, many respected scholars believe it brings *too many!*" they said in a rebuttal to the Public Citizen study. "We believe we have achieved the proper balance."

In response to Nader's charge that Miller has virtually eliminated RPM enforcement by the agency, FTC antitrusters released figures indicating that the average number of RPM investigations conducted by FTC during the past two years is more than 40% higher than the annual average during the five years preceding Miller's chairmanship.

Although FTC's Competition Bureau acknowledged that resale price-fixing enforcement actions resulting from these investigations have declined, they attributed this to what they described as a generally low level of resale price-fixing violations by manufacturers.

According to FTC, RPM "prosecutions are somewhat fewer because blatant RPM is rare"—a contention disputed by discount store and catalog showroom industry lobby groups.

Naming Wark Far-reaching Step For K mart

TROY, Mich.—Wendy Wark's recent move from Filene's Department Stores in Boston to K mart headquarters here represents a more far-reaching move for the giant discount chain than for Miss Wark.

Wark's position at K mart is men's wear fashion coordinator, the same as it was at Filene's.

But, K mart never had a fashion coordinator assigned to its men's wear area—and infants' and ladies' accessories which she will also handle—before Wark arrived five months ago. The chain's only fashion coordinator was at K mart Apparel Corp. in North Bergen, N.J., where ladies' and children's wear is bought.

The hiring of Wark to work with the Troy buying team signals the No. 1 discounter's redefined commitment to presenting more of a fashion image in all of apparel—including men's wear.

The first step will be to bring the Troy buying offices up to par with those already established in North Bergen. That is Warks' job.

"I'm not a buyer. I don't walk through a store and say 'There's my blouse' or 'I bought those pants.' I have to be able to say I helped pull this all together," explained Wark.

Part of pulling everything together is to make available to K mart Troy buyers the same services buyers in North Bergen are offered. Thus, she is putting together a reference library of swatches of resources' colors and fashions. In addition she will act as an on-call consultant who keeps abreast of the fashion picture within the chain as well as in the general market.

Since she joined K mart, Wark has been visiting K marts to get a bead on the company's

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"To get everyone both listening and contributing" is the goal of fashion coordinator Wendy Wark, K mart's in-house consultant for buyers of men's wear and infants' and ladies' accessories. *(DSN photo)*

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OFF-PRICE APPAREL CENSUS

The intensified competition among off-pricers is forcing chains—ready to expand into new markets—to create a shopping atmosphere that emphasizes quality, fashion and savings.

Both Filene's Basement (left) and U.S. Shoe's Front Row stores (right) unwrapped dressier looks last year and are planning major expansions during 1984. *(DSN photos)*

Off-pricers Brace For a Shakeout

By KAREN PAXTON

The off-price apparel industry is bracing for a shakeout.

Both executives at off-price chains and analysts who follow the industry noted strong sales gains last year pushed up industry volume about 25%.

At a recent off-price seminar attended by retailers and developers, the consensus was that the total industry sales for last year hit an estimated $7 billion, 6% of all United States apparel sales. Most expect healthy growth to continue to the end of the decade—with off-pricers taking a quarter of the apparel business by 1990.

But, the burgeoning retail segment is going through a state of transition—one that industry executives say will soon lead to the demise of the weaker, less focused players.

Pic-A-Dilly president Steve Jacobs is among those anticipating trouble. He expects a shakeout in early 1985, when the economy takes its usual post-election-year downturn. In that environment it will be harder for some chains to raise money for expansion funds, he said.

Others are even more pessimistic.

Fred Wintzer, a stock analyst with Lehman Brothers Kuhn Loeb, anticipates the first wave of failures will be limited to chains that imitate the major players on a much smaller scale with less know-how.

A second shakeout wave—perhaps five years down the road—will affect the larger chains, Wintzer predicted. By that time aggressive expansions now under way will have forced a market-by-market battle for a slice of the off-price pie.

"The shakeout is starting now," said Stuart Moldaw, chairman of San Francisco-based Ross Stores. "Just look around. People are having trouble now, rethinking their original strategies or struggling."

Rethinking or refocusing marketing strategies at some off-pricers like Plums is blurring the lines that divide a no-frill apparel off-pricer from other promotional stores.

By upscaling both presentation and merchandise, spending 2%-3% of sales on institutional advertising, and using private label as a continuity program, many off-pricers are betraying their off-price roots to get a competitive edge.

Pic-A-Dilly's Jacobs also sees those changes at off-price chains as paving the way for other no-frill retailers—warehouse clubs and factory outlets—gain a share of the apparel business.

"They are all upscaling: Marshalls, T. J. Maxx and Ross Stores," Jacobs said.

"New fixtures and/or better merchandise cost money and lead to higher margins. Soon no one will be a true off-pricer anymore."

One thing is for certain: Today's healthy business gains have off-pricers expanding. Therefore, chains will have to choose one road or another in order to face off against one another in the future.

"I don't expect anymore new players," said Marshalls president Frank Brenton. "It's time for everybody [already in the business] to select a niche and go with it."

Last year, most off-pricers did just that. Marshalls basically stayed with piperacks and bare floors, but added a color scheme and race track to set itself apart from the rest.

Front Row revamped its concept with more of a high-tech presentation, bold signing and large graphics in its superstore format.

Filene's Basement also reached for an upgraded look in two of its stores. The newly spun-off Federated division, which is targeted for growth, could come head-to-head with similar units this year.

K mart's Designer Depot added a more bare-bones Garment Rack concept to balance its more upscale approach in specific markets.

No.1Marshalls Is En Route to $1.3B in 1984

WOBURN, Mass.—Marshalls, the No. 1 off-pricer, sailed past the $1 billion mark in 1983 and is projected to top $1.3 billion by the end of this year.

Already in 30 states with 174 stores, Marshalls will tackle two new states this year: spring openings are planned in Birmingham, Ala., and Seattle, Wash., with two more units set for the latter in the fall.

To maintain its dominance in the highly competitive industry, Marshalls' expansion will concentrate on clustering most of its total 36 new units in existing markets this year.

Rising to the challenge of tough competitors like T. J. Maxx, fancier-looking chains like J. Brannam or Front Row and more recent imitators with newer stores like Ross, Marshalls will also continue to refurbish older stores to its current "Denver look." That year-old prototype, named for the town where it was first tested, features angled piperacks, some rounders, a race track, no dump tables and no carpeting.

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Leading Off-pricers, by the Numbers

	Number of Stores			Volume (millions) Last Completed Fiscal Year	Avg. Store Size (sq. ft.)	Merchandise
	1/83	1/84	12/84			
Marshalls	137	174	210	$1,061	30,000	men's, ladies', children's shoes, domestics, jewelry and gifts
T. J. Maxx	86	118	N.A.	490*	23,500	men's, ladies', children's shoes, domestics.
Loehmann's	59	66	76	285*	15,000	ladies'
Hit or Miss	300	375	N.A.	240*	3,800	ladies'
Burlington Coat	31	51	72	240	56,000	men's, ladies', children's, shoes#
Pic-A-Dilly/It's a Dilly	259	253	265	212*	3,800	ladies' only
Syms	11	11	14	189*	23,000-58,000	men's, ladies', children's
Filene's Basement	11	14	N.A.	132*	35,000	ladies', men's, limited children's shoes
T. H. Mandy	11	16	N.A.	84	12,000	ladies', juniors
N.B.O.	11	13	15	80	11,000	men's wear
Ross Stores	8	26	51	80	30,000	men's, ladies', children's shoes, domestics
J. Brannam	30	38	43	75	25,000	men's, women's, children's, domestics
ClothesTime	98	126	178	68.5	4,000	ladies'/juniors
Dress Barn	58	87	110	44	4,600	ladies' juniors
Cohoes	2	2	3	42	25,000	ladies', men's, ladies' shoes
Off the Rax	72	72	N.A.	39	N.A.	ladies'

**DSN estimate N.A.—Not available #Shoes is a leased department at Burlington Coats*

Source: DSN research